

ICHEIC CLAIMS PROCESS

GUIDE TO VALUATION PROCEDURES [EDITION DATED 30 MARCH 2000]

[NB Changes from the text issued on 2 March are shown in *italic script*]

- 1) The following notes are intended as a guide to those assigning values to valid claims on Holocaust era life insurance policies and for those advising on the offers made by companies on such policies. They follow the decisions made by ICHEIC on the valuation methods.
- 2) *This Guide is a working document to be used from the date of its issue. Further editions will be issued to incorporate further decisions by ICHEIC which may be necessary to meet questions that may arise in the claims process.*

Determining base values

- 3) The base value of a policy is the value it would have had at the date of the insured event (on death of the life insured or on maturity at the end of the policy).
- 4) If the company or the claimant has evidence of the date of death or deportation of the insured these should be used as relevant in assessing the base value. If there is no evidence the dates for deemed death and the beginning of the period of Nazi persecution (the Holocaust era), that have been agreed by ICHEIC and shown in schedule 1 attached, should be used.

Policies payable on the death of the insured

- 5) If the insured person died during the Holocaust the base value will usually be in the currency denominated in the policy. The base value will be for the full sum insured *at the time of death or the deemed date* minus any specific deductions. These deductions will be for
 - a) Loans taken out during the life of the policy and not repaid
 - b) Premiums not paid, subject to the following conditions.
 - i) If premiums stopped after the date of deportation (from the evidence) or the start of the Holocaust (using schedule 1), the company will deduct up to two years premiums from the deportation date or schedule date to the date of death or deemed death.
 - ii) Only if the company has evidence of unpaid premiums will they make a deduction. If the company has no records they will make no deduction.
 - iii) If premiums ceased before start of the Holocaust given in schedule 1, the offer will be based on the "paid up" value that was assigned (or would have been assigned) to the policy.
 - c) Any compensation paid under post war arrangements. If the policy had been compensated by the Federal Republic of Germany under the BEG programme, even if this was only a partial compensation, or the BEG had refused compensation, no further payment will be made under the ICHEIC process.
- 6) *Where the policyholder had converted the policy to a lower sum insured ("paid up value") the base value will be the paid up value.*

Policies of survivors

- 7) If the policy holder survived after 1945 (and premiums had not been paid), the base value will be the "paid up" value of the policy as assessed by the company.
- 8) If a company is unable to demonstrate that a policy has been paid or that the value should otherwise be adjusted, the base value will be the full sum insured, where the face value is known. In cases where there is no evidence of the sum insured, the full average value (as calculated under the ICHEIC formulas) will be offered.

Determining current value

- 9) The current value of a policy will be the increase in the base value by agreed factors to allow for changes in currency, economic circumstances and interest during the years from the insured event to the present day. The factors agreed by ICHEIC for each country are designed to give a present day value to the base values, while taking account of the many economic and monetary events which disturbed the purchasing power of currencies in wartime and post-war Europe. For policies issued in Eastern Europe too ICHEIC has taken account of the fact that insurance companies were nationalised or liquidated under the instructions of the post war governments.

Germany

- 10) For policies issued in Germany (within the boundaries of 1937 and denominated in Reichsmarks), for which the Federal Republic of Germany established a programme of compensation after the war under the BEG, the company will assess the claim as if it had been submitted to the compensation authority, using the same methods of revaluation, and apply a multiplier to this value of 8X. Offers on German policies will be in Deutschmarks.

Other Western European CountriesAustria, Belgium, France, Italy, Netherlands

- 11) Offers on policies issued in these countries will be in today's currency of the country. The current value will be determined in three stages.
 - a) Stage 1 will multiply the base value by the relevant factor for the year of the insured event, shown in the table in schedule 2 attached to this document. This will give a value for 1998 or 1999 as shown.
 - b) Where the multiplier takes the value to 1998 only, Stage 2 will multiply the value given in stage 1 by a factor representing the average yield on long term government bonds in the relevant country in 1999.
 - c) *[OPEN ISSUE Stage 3, for offers made from 1 April 2000, an addition will be made to reflect interest during 2000 and, if necessary, later years. This will take the yield on long term government bonds in the respective country that were published for the first working day of the year 2000 and add a fraction of that yield to the offer as follows*
 - for offers made between 1 April and 30 June $\frac{1}{2}$ of the interest rate;
 - for offers made between 1 July and 30 September $\frac{1}{4}$ of the interest rate
 - for offers made between 1 October and 31 December the full interest rate
 - for offers made between 1 January 2001 and 31 March 2001, the yield for 2000 plus $\frac{1}{4}$ of the yield on long term government bonds posted on the first working day of the year
 - later offers will repeat the pattern of 2000.

The relevant date will be the date for issue of the letter.]

- 12) In due course, ICHEIC will update the schedule of multipliers for all countries to 1999 figures.

East European Countries

Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Yugoslavia

- 13) Offers on policies issued in these countries will be in US dollars. The current value will be determined as follows
- a) Stage 1. The base value will be converted into dollars at a rate related to the pre war exchange rate but discounted to reflect the currency uncertainties of the time. These exchange rates, agreed by ICHEIC, are shown in schedule 2 to this document.
 - b) Stage 2. The dollar value in Stage 1 will be multiplied by 10 to produce a 1998 value.
 - c) Stage 3. The stage 2 value will be multiplied by 1.0587 - a factor representing the yield on long term US government bonds for 1999.
 - d) *[OPEN ISSUE Stage 4. will follow the same steps as stage 3 for Western Europe using the latest average monthly yield on long term US government bonds]*

Minimum Payments and Payments from the Specific Humanitarian Section (MOU paragraph 8A1)

- 14) If the valuation of a claim on a policy issued in Eastern Europe is below \$100, the minimum payment will be \$500; if the valuation is above \$100, the minimum payment will be \$2,000 for survivors and \$1,000 for other proven claimants.
- 15) Valid claims payable from the 8A1 Fund (policies that cannot be attributed to a particular insurance company or issued by companies no longer in existence) will be entitled to a fixed lump sum of \$300.
- 16) *[OPEN ISSUE use of average values. For claims which satisfy the standards of proof, but where the amount of the policy cannot be determined, the offer will be based on the average value of life insurance policies in the respective market as determined by ICHEIC]*

Policies denominated in currencies other than the country of issue

- 17) If a policy was issued in a currency of another country (e.g. Swiss Francs) and subsequently converted into the local currency, the base value will be valued according to the rules for that country. If the policy was not converted the base value will be revalued according to multipliers agreed by ICHEIC.

Conclusion

- 18) All offers will include a schedule showing how the calculation of the offer has been made.

SCHEDULE 1

Dates agreed by ICHEIC for determining year of death, if not known, ("deemed death") and for determining start of the Holocaust or Nazi persecution in each country

	(i) Deemed death	(ii) Holocaust Era/Nazi persecution
Austria	1941	1938
Belgium	1942	1940
Bulgaria	1942	1941
Czechoslovakia	1941	1938 – Sudetenland 1939 – other territories
France	1942	1940
Germany	1941 <i>wrong cc BEG</i>	1933
Greece	1943	1941
Hungary	1944	1939
Italy	1943	1939
Netherlands	1942	1940
Poland	1941	1939
Romania	1941	1940
Yugoslavia	1941	1941

SCHEDULE 2**TABLE OF VALUATION FACTORS****Western European Claims**

Multipliers to be used in step 1 as described in the valuation guidelines.

Year of insured event	Austria (multipliers to 1999)	Belgium (multipliers to 1998)	France * (multipliers to 1998)	Italy (multipliers to 1999)	Netherlands (multipliers to 1999)
1938	65.4			1263.9	43.3
1939	64.8			1203.5	42.4
1940	62.3	50.1	1.395	1083.3	38.3
1941	60.0	48.1	1.268	979.8	35.6
1942	58.3	46.2	1.153	886.8	33.8
1943	57.0	44.5	1.048	643.6	32.9
1944	55.5	42.9	0.953	233.9	32.0
1945	51.4	41.1	0.866	154.9	29.1
1946	40.1	39.7	0.787	138.6	27.6
1947	26.9	38.0	0.716	103.3	26.4
1948	15.4	36.3	0.651	97.0	25.5
1949	12.1	34.7	0.591	91.8	24.2
1950	10.1	33.2	0.538	86.8	23.0
1951	7.8	31.7	0.489	81.8	21.2
1952	6.8	30.2	0.444	77.3	20.5
1953	6.7	28.8	0.418	72.9	19.8
1954	6.3	27.5	0.393	68.7	19.2
1955	6.0	26.3	0.370	64.7	18.6
1956	5.6	25.1	0.349	60.6	18.0
1957	5.2	23.7	0.326	56.7	17.3
1958	4.9	22.4	0.304	53.1	16.6

*The multipliers for France incorporate the currency reform of 1960 when 100 Old Francs were replaced by 1 New Franc.

For Germany, companies will use the method employed by the BEG to value claims up to the end of 1969 (the closure date for West German compensation claims). The values will then be multiplied by 8, to bring the end 1969 value up to current values. This multiplier will be used for the whole of the period of the ICHEIC claims process.

Step 2 For those countries where the multipliers bring the base value up to 1998 (Belgium and France) the company will multiply by a factor representing the average annual yield on long term government bonds for 1999.

[OPEN ISSUE Stage 3, for offers made from 1 April 2000, an addition will be made to reflect interest during 2000 and, if necessary, later years. This will take the yield on long term government bonds in the respective country that were published for the first working day of the year 2000 and add a fraction of that yield to the offer as follows .

- *for offers made between 1 April and 30 June $\frac{1}{2}$ of the interest rate;*
- *for offers made between 1 July and 30 September $\frac{3}{4}$ of the interest rate*
- *for offers made between 1 October and 31 December the full interest rate*
- *for offers made between 1 January 2001 and 31 March 2001, the yield for 2000 plus $\frac{1}{4}$ of the yield on long term government bonds posted on the first working day of the year*
- *later offers will repeat the pattern of 2000.*

East European Claims

Step 1. Exchange Rates. Convert the claims expressed in local currency at the discounted exchange rates shown below

Country	Currency	1 unit = US\$
Bulgaria	Lev	US\$ 0.00863
Czechoslovakia:	Koruna	US\$ 0.024
Czechoslovakia:	Reichsmark	US\$ 0.2807
Sudetenland		
Hungary	Pengo	US\$ 0.1376
Poland	Zloty	US\$ 0.1323
Romania	Lei	US\$ 0.00509
Yugoslavia	Dinar	US\$ 0.01594

Step2. Multiply the dollar value by 10X.

Step 3. step 2 value will be multiplied by 1.0587 - a factor representing the yield on long term US government bonds for 1999.

[OPEN ISSUE Stage 4. will follow the same steps as stage 3 for Western Europe using the latest average monthly yield on long term US government bonds]